

Message Text

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ORIGIN TRSE-00

INFO OCT-01 ARA-06 ISO-00 SS-15 OMB-01 IO-10 AID-05 STR-04

EB-07 COME-00 FRB-03 XMB-02 SP-02 NSC-05 PA-01 PRS-01

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DRAFTED BY TREAS:OASIA:BZINMAN:CMR

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FM SECSTATE WASHDC

TO AMEMBASSY BUENOS AIRES PRIORITY

C O N F I D E N T I A L STATE 195802

E.O. 11652: GDS

TAGS: EFIN, IDB, BR

SUBJECT: IDB REPLENISHMENT

REF: (A) BUENOS AIRES 05403

(B) STATE 187867

(C) STATE 184602

(D) STATE 192340

1. ARGENTINE RESPONSE AT WORKING LEVEL DESCRIBED REF A
INDICATES UNAWARENESS OF FACT THAT AS REPORTED PARA 7 REF D,
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OF THE FIVE LA COUNTRIES CONCERNED ONLY ARGENTINA RESERVED
ITS POSITION CONCERNING WILLINGNESS TO REFRAIN FROM BORROW-
ING CONVERTIBLE CURRENCIES FROM FSO.

2. WE RECOGNIZE TIMING INOPPORTUNE FOR DISCUSSION WITH ARGENTINA GOVERNMENT AND WE BELIEVE MATTER SHOULD BE PURSUED FURTHER BY IDB MANAGEMENT NOT THROUGH EMBASSY AT MORE APPROPRIATE TIME. WE WILL KEEP YOU INFORMED. PLEASE REPORT ANY APPROACH TO YOU OR PRESS COMMENT AND DO NOT INITIATE DISCUSSIONS PENDING FURTHER GUIDANCE.

3. FYI. POSITION THAT LA COUNTRIES WITH BASICALLY STRONGER ECONOMIES WOULD REFRAIN FROM FSO BORROWING REFLECTS DECISION TAKEN IN PARIS NEGOTIATIONS IN JUNE AND CONFIRMED BY BOARD

OF GOVERNORS AT JULY MEETING WASHINGTON. AS MENTIONED REF D, WHICH REPORTED ON THAT MEETING, POSITIVE RESPONSE BY STRONGER LATIN AMERICAN COUNTRIES ON THIS ACTION AND THEIR AGREEMENT TO MAKE CONVERTIBLE CONTRIBUTIONS TO FSO WAS DRIVING FORCE BEHIND WILLINGNESS U.S. INCREASE REPLENISHMENT PARTICIPATION BY DOLS. 450 MILLION. SUCH POSITIVE ACTION BY ECONOMICALLY STRONGER LATIN AMERICAN COUNTRIES ALSO EXTREMELY IMPORTANT GAIN CONGRESSIONAL SUPPORT ENTIRE REPLENISHMENT PACKAGE.

4. RE ARGUMENT PARA 3 REF A, THAT FSO LOANS NEEDED TO DEVELOP POOREST ARGENTINE REGIONS, RESPONSE IS CLEARLY THAT THE SAME MIGHT BE SAID FOR MANY COUNTRIES, EVEN U.S. A COUNTRY HAS ONLY ONE BALANCE OF PAYMENTS. TERMS OF INTERNATIONAL LOANS SHOULD BE RELATED TO A COUNTRY'S BALANCE OF PAYMENTS WITH EACH COUNTRY RESOLVING ITS INTERNAL DISTRIBUTION PROBLEMS. SINCE SOME LA COUNTRIES DO NOT REPEAT DO NOT HAVE POSSIBILITY OF INCREASING ASSISTANCE TO THEIR POOREST AREAS, IT IS FOR THOSE COUNTRIES FSO IS BEING RESERVED. END FYI. SISCO

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